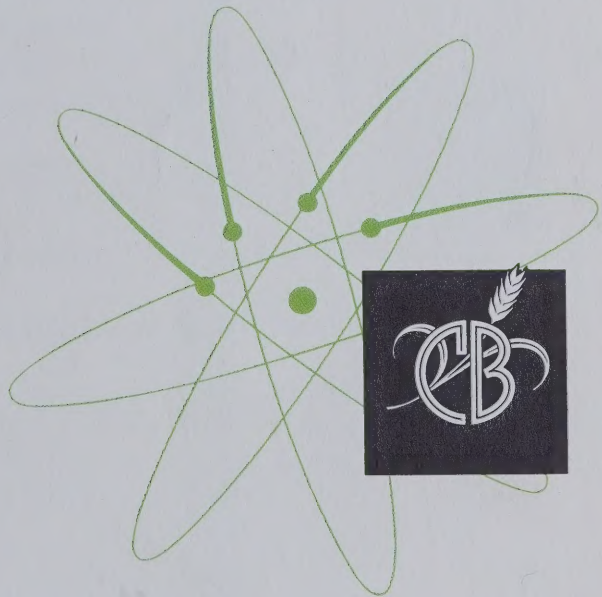


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CANADIAN BREWERIES LIMITED

Mr. Egan, then filed



*Annual Report for year ended*

*October 31st, 1964*

**CANADIAN  
BREWERIES  
LIMITED**



*Executive Offices:*

297 Victoria Street, Toronto 2, Canada

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THE ANNUAL MEETING WILL BE HELD IN THE MAIN LOUNGE OF O'KEEFE CENTRE, FRONT AND YONGE STREETS, TORONTO, ON MARCH 29, 1965, AT 2.30 O'CLOCK IN THE AFTERNOON. HOLDERS OF CLASS A AND CLASS B PREFERENCE SHARES OF THE COMPANY ARE NOT ENTITLED AS SUCH TO ATTEND OR VOTE AT THE MEETING.



# CANADIAN BREWERIES LIMITED

## HIGHLIGHTS

|   | 1964          | 1963          | %<br>Increase<br>(Decrease) |
|---|---------------|---------------|-----------------------------|
| Net Sales . . . . .                                 | \$412,305,805 | \$398,128,413 | 3.6                         |
| Government excise<br>and sales taxes . . . . .      | \$153,501,358 | \$148,181,386 | 3.6                         |
| Net Earnings . . . . .                              | \$ 16,571,837 | \$ 17,146,472 | (3.4)                       |
| Common shares outstanding . . .                     | 21,761,375    | 21,761,035    | —                           |
| Earnings per common share . . .                     | \$ .65        | \$ .70        | (7.1)                       |
| Dividends paid—preference . . .                     | \$ 2,424,954  | \$ 1,885,909  |                             |
| Dividends paid—common . . . .                       | \$ 8,704,458  | \$ 8,704,414  |                             |
| Dividends—annual rate<br>per common share . . . . . | \$ .40        | \$ .40        | —                           |
| Total Assets . . . . .                              | \$338,256,748 | \$318,650,758 | 6.2                         |
| Working capital position . . . .                    | \$ 70,043,966 | \$ 53,203,018 | 31.7                        |
| Long term debt. . . . .                             | \$ 86,850,000 | \$ 67,581,000 | 28.5                        |
| Shareholders' equity—total . . . .                  | \$221,569,360 | \$216,126,935 | 2.5                         |
| Number of<br>preference shareholders . . . .        | 6,614         | 6,873         |                             |
| Number of<br>common shareholders . . . . .          | 38,522        | 33,658        |                             |
| Number of employees . . . . .                       | 7,300         | 7,300         |                             |

# DIRECTORS AND OFFICERS

---

## BOARD OF DIRECTORS

D. C. BETTS, *Toronto*  
Retired brewery executive

HON. PAUL H. BOUFFARD, M.C., Q.C., *Quebec City*  
A member of the Senate of Canada

P. L. BRADFER-LAWRENCE, M.C., *London, England*  
Managing-Director, Charrington  
United Breweries Limited

JACQUES BRILLANT, *Rimouski*  
President, Québec-Téléphone

\*C. F. W. BURNS, *Toronto*  
Chairman, Burns Bros. and Denton Limited  
(Member, Toronto Stock Exchange)

J. INNES CARLING, O.B.E., *London, Ontario*  
President, Carling Insurance Agency  
(general insurance)

PAUL DESMARAIS, *Montreal*  
President, Provincial Transport Company  
(public transportation company)

\*IAN R. DOWIE, *Toronto*  
President, Canadian Breweries Limited

M. A. EAST, *Saskatoon*  
President, John East Iron Works Limited  
(foundry and metal fabricators)

ARTHUR ELLIOTT, *Sheffield, England*  
Solicitor

LORING L. GELBACH, *Cleveland*  
Retired; formerly Chairman,  
Central National Bank of Cleveland

JOHN G. KIRKPATRICK, Q.C., *Montreal*  
A partner of the legal firm of Howard, Cate,  
Ogilvy, Bishop, Cope, Porteous & Hansard

\*Members of the Executive Committee of the Board

A. S. LEACH, *Winnipeg*  
President, Searle Grain Company Limited  
(grain dealers)

W. C. MACKENZIE, M.D., *Edmonton*  
Dean of Medicine, University of Alberta

\*A. BRUCE MATTHEWS, C.B.E., D.S.O., *Toronto*  
Chairman, The Excelsior Life Insurance Company

J. C. MAYNE, *Calgary*  
Retired; formerly Assistant General Manager,  
The Royal Bank of Canada  
in charge of Alberta operations

\*JOHN A. McDOUGALD, *Toronto*  
President, Crown Trust Company

A. M. MCGAVIN, *Vancouver*  
President, McGavin Toast Master Limited  
(manufacturers of bakery products)

J. M. McGRATH, M.D., *St. John's*  
Minister of Health for the Province of Newfoundland

\*D. A. McINTOSH, Q.C., *Toronto*  
A partner of the legal firm of Fraser, Beatty, Tucker,  
McIntosh & Stewart, General Counsel of  
Canadian Breweries Limited

G. E. SHARPE, *Winnipeg*  
President, Sharpe's Limited  
(an automobile accessories company)

G. C. SOLOMON, *Regina*  
President, Western Tractor Limited  
(farm machinery distributors)

F. C. SWEET, *Vancouver*  
Vice-President, Boulton, Sweet & Co. Ltd.  
(real estate and general insurance)

\*E. P. TAYLOR, C.M.G., *Bahama Islands*  
Chairman,  
Canadian Breweries Limited

## OFFICERS

Chairman of the Board, E. P. TAYLOR

Vice-Chairman of the Board, A. BRUCE MATTHEWS

President, IAN R. DOWIE

Executive Vice-President, J. G. CAMPBELL

Executive Vice-President—

Canadian Operations, C. O. DALTON

Vice-President—

Operational and Technical Services, F. L. HOVEY

Vice-President—Marketing, M. J. LEDDY

Vice-President—Personnel, E. N. DAVIS

Secretary, W. E. DREWRY

Treasurer, J. D. FRASER

## TRANSFER AGENTS

IN CANADA

National Trust Company, Limited; Ontario, Quebec,  
Manitoba, Alberta and British Columbia

Eastern & Chartered Trust Company; New Brunswick  
and Nova Scotia

The Canada Trust Company; Saskatchewan

IN THE UNITED STATES

The Chase Manhattan Bank

## AUDITORS

Touche, Ross, Bailey & Smart

## REGISTRARS

IN CANADA

Montreal Trust Company

IN THE UNITED STATES

Morgan Guaranty Trust Company of New York

## BANKERS

The Royal Bank of Canada

Canadian Imperial Bank of Commerce

Central National Bank of Cleveland



TORONTO, CANADA, FEBRUARY 24, 1965

## **REPORT OF THE BOARD OF DIRECTORS**

### **TO THE SHAREHOLDERS:**

Your Directors present herewith a statement of the affairs and financial position of your Company as at October 31, 1964.

#### **SALES AND PROFITS**

During the year under review sales increased 3.6% to \$412,305,805 up \$14,177,392 from the 1963 figure of \$398,128,413. Net earnings, however, were disappointing, and at \$16,571,837 were down 3.4% from the previous year's figure of \$17,146,472. Earnings per common share declined from 70¢ to 65¢.

This figure was substantially below the earnings objective principally because, although industry sales were up to forecast, your Company's share of the volume declined in some major marketing areas.



Exterior front view of the new Carling Brewing Company plant on the southern outskirts of Fort Worth, Texas. With an initial annual capacity of 300,000 barrels, it is the first plant in the world to use the continuous brewing method, and incorporates the very latest technological advances. Constructed of a low silhouette design, the two-storey plant covers more than 200,000 square feet.



Profits in Canada were higher but labour problems, work stoppages and the delayed opening of the new Fort Worth plant unfavourably affected both sales and earnings in the United States. Consequently the consolidated operating profit was down \$1,054,946 to \$40,748,614.

Other income at \$6,768,332 was lower by \$1,012,527, notwithstanding an increase in dividend income of \$836,614 as a result of higher dividends from United Kingdom investments.

Needless to say, the reduction in earnings is causing your Directors considerable concern and the problems involved are receiving the close attention of the Board and of the management.

#### BALANCE SHEET

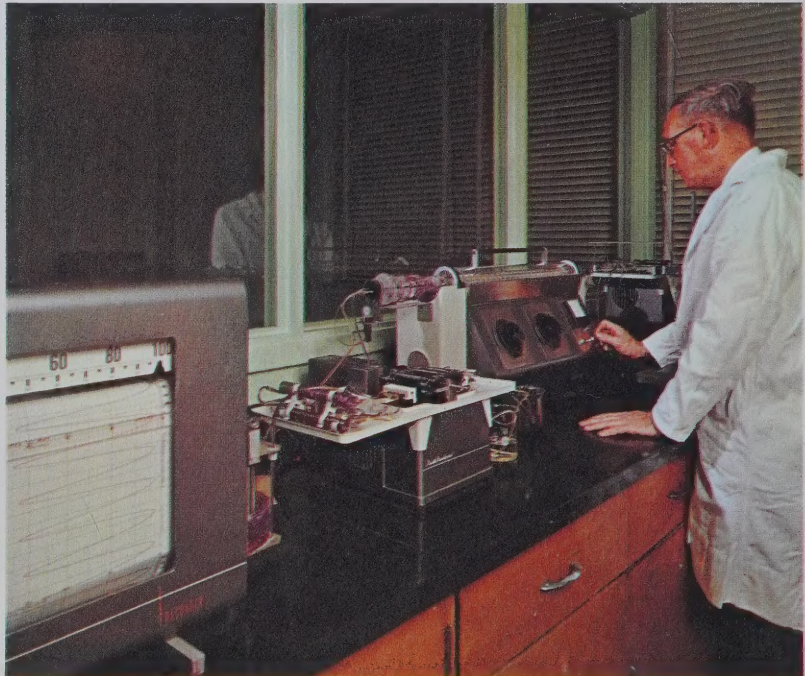
The Balance Sheet as of October 31, 1964 shows a strong financial position with total assets of \$338,256,748 up \$19,605,990; working capital of \$70,043,966 up \$16,840,948, and a ratio of current assets to current liabilities of 3.3 to 1.

During the year \$25,000,000 principal amount of Series E Debentures were issued, while debenture redemptions totalled \$5,731,000. At the year end funded debt was \$86,850,000 up \$19,269,000 from the 1963 figure.

#### INVESTMENTS ABROAD

During the year your Company's investment in the shares of Charrington United Breweries Limited was increased by \$4,674,274 to a total of \$18,833,304. This company continues to do very well and increased its dividends during the year. The market value of these shares at the year end was \$27,079,000.

The new technicon autoanalyser in the CBL Research Laboratories in Toronto. This analyser, which has primarily been used hitherto in medical laboratories, employs a continuous flow system and eliminates all step-by-step manual procedures. It can perform in 5 minutes a complete beer analysis which would take 4 hours with manual methods. Canadian Breweries Limited is among the world's leading companies in brewing research.







The newly renovated and expanded plant of Beamish & Crawford Limited in Cork, Ireland. In the left foreground is the engine room. Behind can be seen some of the externally located fermenting vessels and storage and bottling tanks, which are a unique feature of the plant. On the far right, is the new shipping and bottling building. Further expansion of the plant will shortly be undertaken to keep pace with the growing demand for Beamish Extra Stout, which now enjoys national distribution, and for Carling Black Label Beer.

The first phase of the expansion of the Beamish & Crawford Brewery in Cork, Republic of Ireland, a wholly owned subsidiary of your Company, was completed at a cost of \$2,464,585. This plant is now producing successfully a dark Stout of the type popular in Ireland and Carling Black Label Lager Beer which has become the leading Lager in sales in Ireland. A further expansion of this plant, including the building of malting facilities, and costing approximately \$800,000 will be started and largely completed during 1965.

An agreement is in the process of being entered into with local investors in Hong Kong to construct a small brewery in that Colony. It is anticipated that work on this plant will be commenced in 1965. Your Company's investment in this project will be about \$1,000,000.

It was reported to the Shareholders at this time last year that the Board had approved the investment of up to 20% of your Company's assets in countries outside North America. The percentage at present is 15% and, apart from the items mentioned above, no significant increase in overseas investments is contemplated at this time.

#### OUTLOOK FOR THE COMING YEAR

It is anticipated that industry sales in North America will increase by 3 to 4% so that, if the management of your Company is able to stabilize its share of market and match this



rate of growth, there should be no further deterioration in the level of earnings. It will, of course, be your management's aim to do better than this, reversing such trends as have continued into this year, and no effort will be spared to bring this about.

The new plant in Fort Worth, Texas, will contribute to your Company's penetration of the very important South-Western markets of the United States. A further step in this direction was recently taken when your Company's United States subsidiary acquired the assets of the Arizona Brewing Company of Phoenix, Arizona, which operated the only brewery in that rapidly growing State. These two additions to the production facilities will make it possible for your American subsidiary to ship economically into several major marketing areas which were too distant from any of its other seven plants and which, as a result of population trends, are rapidly increasing in importance.

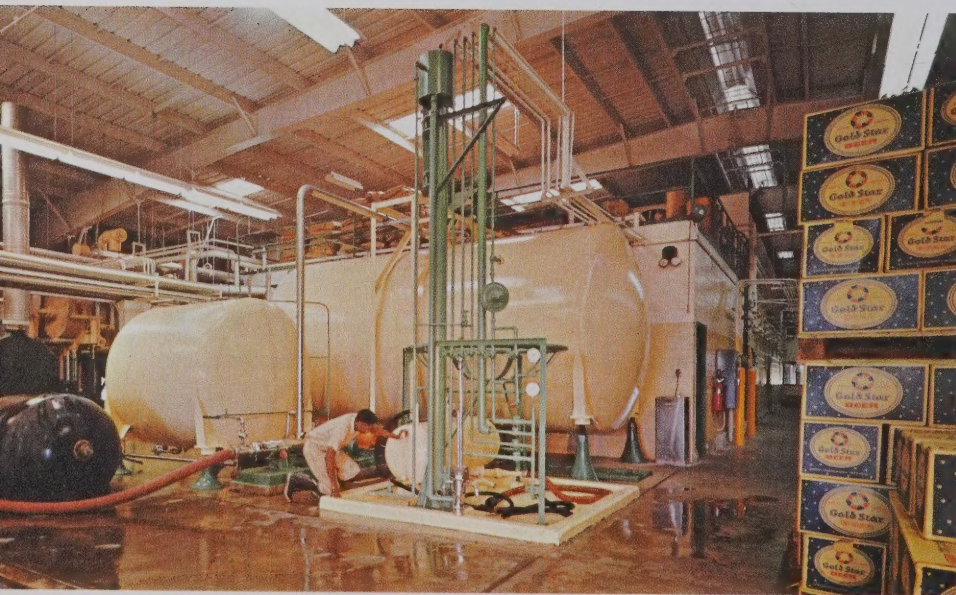
The death of Lt. Col. W. Eric Phillips, which occurred in December, 1964, was a sad loss to your Company. He made great contributions to the work of the Board of Directors and the Executive Committee, and he will be sorely missed.

Your Directors wish to express their appreciation to the 7,300 employees of your Company for their loyal and enthusiastic co-operation during the year.

*On behalf of the Board of Directors*

E. P. TAYLOR, *Chairman*

IAN R. DOWIE, *President*



The Conbrew reconstitution area at the Nassau plant of Associated Bahamian Breweries Ltd. One of the large 500 gallon rubber containers in which the concentrated wort is shipped from the Bennett Brewing Co. plant in St. John's, Newfoundland, can be seen left centre. Water is added to the wort in Nassau and then fermentation, filtration and aging take place in the normal manner. On the right are cases of the local brand, Gold Star Beer.





The Chairman of Dow Brewery Ltd., Mr. J. A. Desrochers, seated, and the President, Dr. P. R. Gendron, studying the model of the \$1,250,000 Dow Planetarium which Dow Brewery Ltd. is presenting to the City of Montreal. The Planetarium will be located in Chaboillez Square, directly north of the main Dow plant. Construction has now started, and the Planetarium, which will be the biggest and most modern in Canada, is expected to open very early in 1966.

Arnold Palmer on the 72nd green after his famous second shot which hit the pin on the final hole of the first Carling World Golf Championship, held at Oakland Hills Country Club, Michigan, U.S.A. from August 27-30, 1964. Palmer finished second by one stroke to Bobby Nichols. This highly successful tournament was jointly sponsored by Carling Brewing Company, Carling Breweries and Charrington United Breweries, and will be held annually.





# DISTRIBUTION OF INCOME DOLLAR



40.8

ALL TAXATION

MATERIALS & SUPPLIES

21.7



14.0

MARKETING & DISTRIBUTION

ALL WAGES, SALARIES & FRINGE BENEFITS

13.9



3.2

DEPRECIATION & AMORTIZATION

ADMINISTRATION, FINANCE & OTHER

2.4



2.7

DIVIDENDS PAID TO SHAREHOLDERS

EARNINGS REINVESTED IN THE BUSINESS

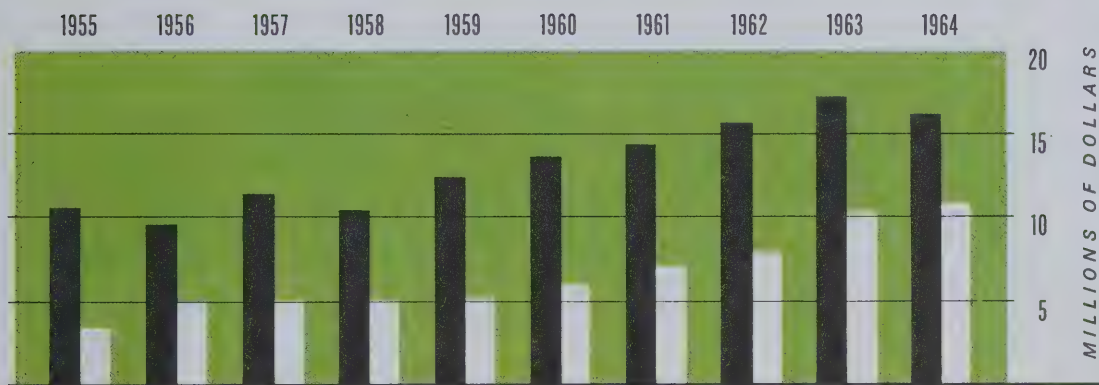
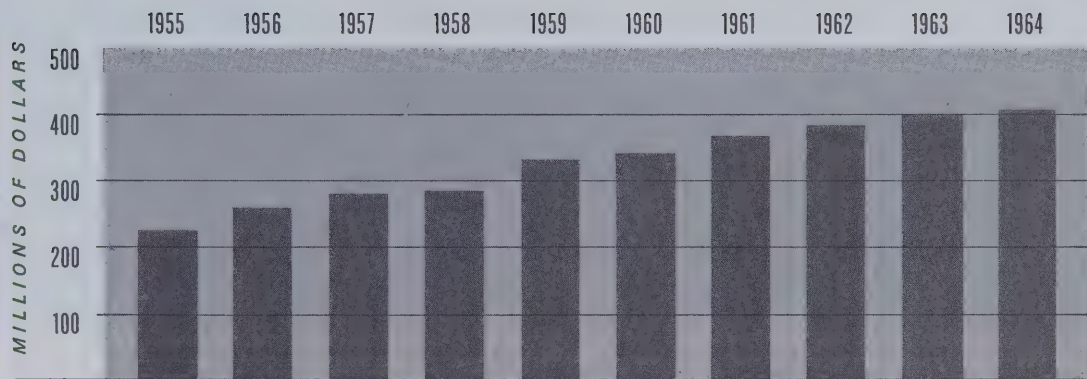
1.3



TOTAL 100.0

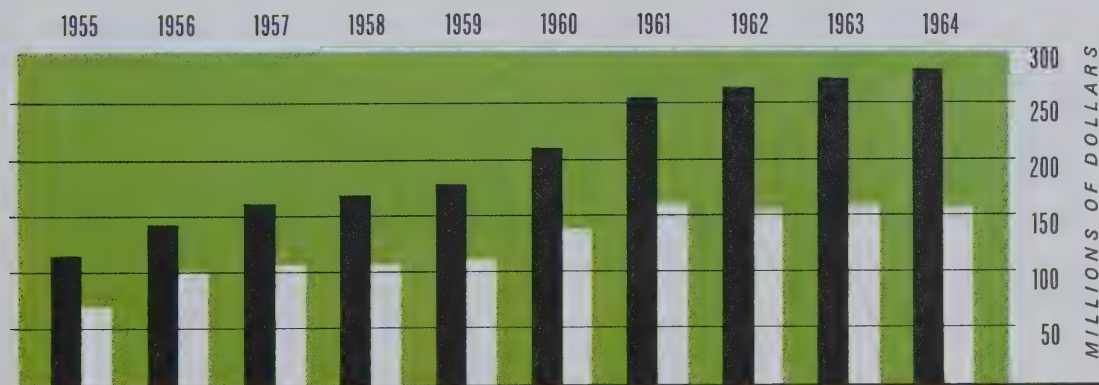
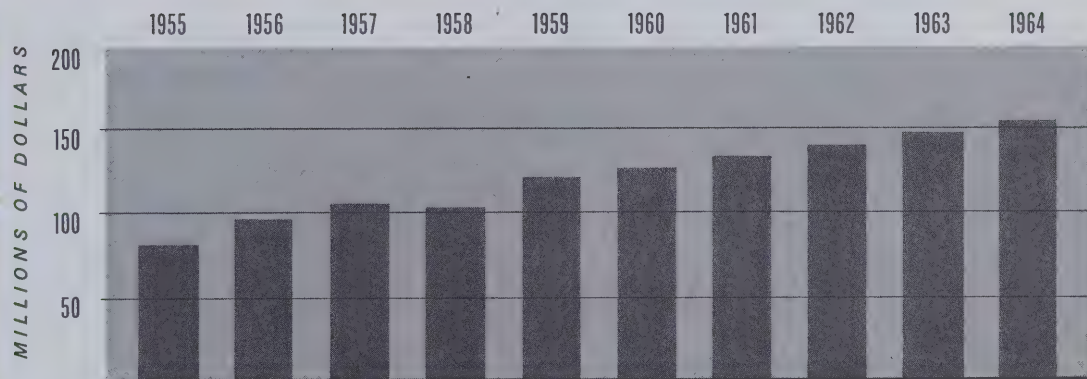


## NET SALES



■ NET EARNINGS  
□ DIVIDENDS PAID

## GOVERNMENT EXCISE AND SALES TAXES



PROPERTY PLANT  
AND EQUIPMENT  
■ GROSS  
□ NET



# CANADIAN BREWERIES LIMITED

## AND SUBSIDIARY COMPANIES

### ASSETS

|  |                    | <i>October 31</i><br><u>1964</u> | <i>October 31</i><br><u>1963</u> |
|--|--------------------|----------------------------------|----------------------------------|
| CURRENT ASSETS   |                    |                                  |                                  |
| Cash . . . . .   | \$23,346,288       |                                  |                                  |
| Treasury bills and short term deposits at cost . . . .   | 9,695,554          |                                  |                                  |
| Investments at cost (quoted market value \$5,751,000).   | 5,792,318          |                                  |                                  |
| Accounts receivable . . . . .  | 19,785,805         |                                  |                                  |
| Inventories (Note 1) . . . . .   | 38,979,914         |                                  |                                  |
| Prepaid expenses . . . . .   | <u>2,281,475</u>   |                                  |                                  |
| TOTAL CURRENT ASSETS . . . . .   |                    | \$ 99,881,354                    | \$ 88,145,841                    |
| INVESTMENTS IN OTHER COMPANIES <i>at cost</i>  |                    |                                  |                                  |
| Shares in and advances of \$3,969,904 to<br>subsidiaries not consolidated (Note 1). . . . .    | 5,815,640          |                                  |                                  |
| Debentures and note receivable . . . . .   | 3,830,000          |                                  |                                  |
| Shares in Charrington United Breweries Limited<br>(quoted market value \$27,079,000) . . . . . | 18,833,304         |                                  |                                  |
| Shares in and advances of \$6,450,247 to<br>associated companies . . . . .                     | <u>31,434,931</u>  |                                  |                                  |
|  |                    | 59,913,875                       | 52,446,454                       |
| PROPERTY, PLANT AND EQUIPMENT <i>at cost</i>   |                    |                                  |                                  |
| Land . . . . .   | 11,670,659         |                                  |                                  |
| Buildings, plant and equipment . . . . \$268,771,861   |                    |                                  |                                  |
| Less accumulated depreciation . . . . . <u>120,465,783</u>                                     |                    |                                  |                                  |
|  | <u>148,306,078</u> |                                  |                                  |
|  |                    | 159,976,737                      | 161,829,987                      |
| SUNDRY PROPERTIES AND INVESTMENTS <i>at cost less amounts<br/>written off</i> . . . . .        |                    |                                  |                                  |
|  |                    | 13,267,602                       | 11,445,694                       |
| DEFERRED CHARGES <i>less amounts written off</i>   |                    |                                  |                                  |
| Debenture discount . . . . .   | 2,998,201          |                                  |                                  |
| Cost of compact bottle conversion—net (Note 1) . . .   | <u>2,218,979</u>   |                                  |                                  |
|  |                    | <u>5,217,180</u>                 | <u>4,782,782</u>                 |
|  |                    | <u>\$338,256,748</u>             | <u>\$318,650,758</u>             |





## CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1964

### LIABILITIES AND SHAREHOLDERS' EQUITY

|  | <i>October 31</i><br><u>1964</u> | <i>October 31</i><br><u>1963</u> |
|--|----------------------------------|----------------------------------|
| <b>CURRENT LIABILITIES</b>   |                                  |                                  |
| Accounts payable and accrued items . . . . .                         | \$14,325,481                     |                                  |
| Income taxes . . . . .   | 9,664,078                        |                                  |
| Other taxes . . . . .  | <u>5,847,829</u>                 |                                  |
| <b>TOTAL CURRENT LIABILITIES. . . . .</b>                            | <b>\$ 29,837,388</b>             | <b>\$ 34,942,823</b>             |
| <b>LONG TERM DEBT (Note 2) . . . . .</b>                             | <b>86,850,000</b>                | <b>67,581,000</b>                |
| <b>SHAREHOLDERS' EQUITY (Note 3)</b>                                 |                                  |                                  |
| Capital stock  |                                  |                                  |
| <i>Authorized</i>  |                                  |                                  |
| 999,915 preference shares with a par value of                        |                                  |                                  |
| \$50 each, issuable in series  |                                  |                                  |
| 30,000,340 common shares without par value                           |                                  |                                  |
| <i>Issued</i>  |                                  |                                  |
| 499,915 \$2.20 Cumulative Convertible Preference                     |                                  |                                  |
| Shares Series A—redeemable at \$53 per                               |                                  |                                  |
| share and accrued dividends . . . . .                                | 24,995,750                       |                                  |
| 500,000 \$2.65 Cumulative Preference Shares                          |                                  |                                  |
| Series B—redeemable at \$52.50 per share                             |                                  |                                  |
| and accrued dividends. . . . .                                       | 25,000,000                       |                                  |
| 21,761,375 common shares . . . . .                                   | 78,345,029                       |                                  |
| Retained earnings . . . . .  | <u>93,228,581</u>                |                                  |
|  | 221,569,360                      | 216,126,935                      |
| <b>COMMITMENTS AND CONTINGENCIES (Note 4)</b>                        |                                  |                                  |
| <i>Approved on behalf of the Board</i> E. P. TAYLOR, <i>Director</i> |                                  |                                  |
| IAN R. DOWIE, <i>Director</i>  |                                  |                                  |
|  | <u>\$338,256,748</u>             | <u>\$318,650,758</u>             |

*The accompanying explanatory notes are an integral part of these financial statements.*









## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED OCTOBER 31, 1964

|   | <i>Year ended October 31</i> |                      |
|---|------------------------------|----------------------|
|   | <i>1964</i>                  | <i>1963</i>          |
| Net sales . . . . .   | \$412,305,805                | \$398,128,413        |
| Less government excise and sales taxes . . . . .  | 153,501,358                  | 148,181,386          |
|   | <u>258,804,447</u>           | <u>249,947,027</u>   |
| Cost of goods sold, selling, administrative and<br>general expenses (Directors' fees included \$69,500) . . . . . | 218,055,833                  | 208,143,467          |
| Operating profit before undernoted items . . . . .  | 40,748,614                   | 41,803,560           |
| OTHER INCOME  |                              |                      |
| Dividends received . . . . .  | 2,514,452                    |                      |
| Interest . . . . .  | 1,748,529                    |                      |
| Net profit on disposal of properties and investments . . . . .  | 1,240,518                    |                      |
| Discounts earned . . . . .  | 898,336                      |                      |
| Miscellaneous . . . . .   | 366,497                      |                      |
|   | <u>6,768,332</u>             | <u>7,780,859</u>     |
|   | 47,516,946                   | 49,584,419           |
| OTHER DEDUCTIONS  |                              |                      |
| Interest on long term debt . . . . .  | 3,794,505                    |                      |
| Other interest . . . . .  | 520,199                      |                      |
|   | <u>4,314,704</u>             | <u>3,752,788</u>     |
|   | 43,202,242                   | 45,831,631           |
| Provision for depreciation and amortization . . . . .   | 11,494,336                   | 11,627,777           |
| Amortization of compact bottle conversion costs . . . . .   | 1,932,069                    | 1,770,844            |
|   | <u>13,426,405</u>            | <u>13,398,621</u>    |
|   | 29,775,837                   | 32,433,010           |
| Provision for income taxes (Note 5) . . . . .   | 13,204,000                   | 15,119,000           |
| Net earnings before minority interest . . . . .   | 16,571,837                   | 17,314,010           |
| Less minority interest . . . . .  | —                            | 167,538              |
| Net earnings . . . . .  | <u>\$ 16,571,837</u>         | <u>\$ 17,146,472</u> |

*The accompanying explanatory notes are an integral part of these financial statements.*



# CANADIAN BREWERIES LIMITED

## AND SUBSIDIARY COMPANIES

### EXPLANATORY NOTES TO FINANCIAL STATEMENTS AS AT OCTOBER 31, 1964

1

#### PRINCIPLES OF CONSOLIDATION AND ACCOUNTING

The consolidated financial statements include the accounts of the Company and all subsidiaries with the exception of the accounts of two companies which are not significant to the consolidation; the audited accounts of one of these companies, which is located overseas, are not available and the operations of the other are not comparable with the companies comprising the consolidation. Excluding advances, the Company's equity in the net assets of these unconsolidated subsidiaries is approximately \$460,000 at October 31, 1964.

The accounts of subsidiaries are as at October 31 except for three malting companies which are as at September 30.

The accounts of United Kingdom subsidiaries are included on the following bases: investments at the rate of exchange prevailing at the time of acquisition; other current assets and current liabilities at the rate prevailing at October 31, 1964 and earnings at the average rate for the year. The accounts of United States subsidiaries are included on the basis of one United States dollar equalling one Canadian dollar.

Inventories are summarized as follows, according to bases of valuation:

#### *At the lower of cost or market*

|  |              |
|--|--------------|
| Beer and ale finished and in process . . . . . | \$17,184,674 |
| Materials and supplies . . . . .               | 9,896,273    |

#### *At estimated value which is lower than new replacement cost*

|                      |                     |
|----------------------|---------------------|
| Containers . . . . . | 11,898,967          |
|                      | <u>\$38,979,914</u> |

Costs of converting to the compact bottle are being amortized over a period of years. For income tax purposes the Company claims full costs as currently expended and the resulting deferred tax has been deducted from unamortized costs.

2

#### LONG TERM DEBT

ISSUED BY CANADIAN BREWERIES LIMITED

#### *Debentures secured by first mortgages*

Authorized and Issued, \$15,000,000 less retired \$12,250,000

3½% Sinking Fund Debentures maturing March 1, 1967. Sinking fund payments of \$500,000 are required annually on or before March 1 up to 1966. . . . . \$ 1,500,000

4% Sinking Fund Debentures maturing January 15, 1969. Sinking fund payments of \$250,000 are required annually on or before January 15 up to the date of maturity . . . 1,250,000

*Debentures authorized by trust indenture dated January 15, 1954 and indentures supplemental thereto.*

Authorized and Issued, \$15,000,000 less retired \$6,000,000

4¾% Sinking Fund Debentures Series A, maturing January 15, 1979 and payable in either Canadian or U.S. funds at par, at the option of the holder. Sinking fund payments of \$600,000 are required annually on or before January 15 up to the date of maturity . . . 9,000,000

Authorized and Issued, \$20,000,000 less retired \$6,400,000

4¼% Sinking Fund Debentures Series B, maturing January 15, 1981 and payable in either Canadian or U.S. funds at par, at the option of the holder. Sinking fund payments of \$800,000 are required annually on or before January 15 up to 1980 . . . . . 13,600,000

Authorized and Issued, \$15,000,000 less retired \$3,600,000

5% Sinking Fund Debentures Series C, maturing January 15, 1983 and payable in Canadian funds. Sinking fund payments of \$600,000 are required annually within fifteen days before January 15 up to 1982 . . . . . 11,400,000



|  |                     |
|--|---------------------|
| Authorized and Issued, \$20,000,000 less retired \$2,400,000   |                     |
| 5½% Sinking Fund Debentures Series D, maturing April 1, 1986 and payable in Canadian funds. Sinking fund payments of \$800,000 are required annually within fifteen days before April 1 up to 1985. These debentures may not be redeemed by call except through the operation of the sinking fund until April 1, 1973 in connection with a refunding operation by the application, directly or indirectly, of borrowed funds . . . . . | 17,600,000          |
| Authorized and Issued, \$25,000,000  |                     |
| 5½% Sinking Fund Debentures Series E, maturing April 1, 1989 and payable in Canadian funds. Sinking fund payments of \$1,000,000 are required annually within fifteen days before April 1 up to 1988. These debentures may not be redeemed by call except through the operation of the sinking fund until April 1, 1976 in connection with a refunding operation by the application, directly or indirectly, of borrowed funds . .     | 25,000,000          |
| ISSUED BY CARLING BREWING COMPANY INCORPORATED   |                     |
| 5% Notes payable to banks, payable in instalments of \$1,080,000 on November 1, 1964 and \$1,070,000 annually thereafter up to November 1, 1970. The interest rate is currently 5% subject to adjustment of ½ of 1 per cent above the prime rate in effect for commercial borrowers during the term of the loans . . . . .   | 7,500,000           |
| TOTAL OUTSTANDING . . . . .  | <u>\$86,850,000</u> |
| The funded portion of long term debt is redeemable, except where indicated above, at premiums varying according to date of redemption.   |                     |
| The portion of the above long term debt falling due within one year is \$5,630,000.  |                     |

3

### SHAREHOLDERS' EQUITY

Series A Preference Shares are convertible into Common Shares on the basis of 1 Preference Share to 4 Common Shares on or before May 1, 1965, thereafter to 3½ Common Shares on or before May 1, 1967. Under this privilege 85 Series A Preference Shares were converted into 340 Common Shares during the year.

Under the Company's Stock Option Plan, options may be granted on a maximum of 500,000 common shares to key executives of the Company and its subsidiaries. As at October 31, 1964 there were outstanding options on 243,000 shares, exercisable between November 12, 1965 and November 11, 1973 at \$9.74 per share in Canada and \$9.15 U.S. per share in the United States.

The trust deed and trust indentures relating to the Company's debentures outstanding contain provisions whereby dividends may not be declared or paid which would reduce consolidated net current assets, as defined, below a certain level. As at October 31, 1964 the net current assets, as defined, exceeded such requirements by at least \$37,500,000.

4

### COMMITMENTS AND CONTINGENCIES

Capital expenditures authorized and miscellaneous guarantees and contingencies aggregated approximately \$14,000,000, including the purchase in November, 1964 of Arizona Brewing Co. Inc.

5

### INCOME TAXES

The provision for income taxes for the 1964 fiscal year has been made on the basis of claiming maximum capital cost allowances. Such provision is \$558,000 less than the amount that would have been provided had it been made on the basis of the depreciation recorded in the accounts. The accumulation of such reductions in income taxes for the fiscal years 1954 to 1964 inclusive amounts to approximately \$8,430,000.

# AUDITORS' REPORT

UNDER LAWS OF THE PROVINCE OF ONTARIO

## TOUCHE, ROSS, BAILEY & SMART

HALIFAX  
QUEBEC  
MONTREAL  
TORONTO  
LONDON  
REGINA  
NORTH BATTLEFORD  
EDMONTON

SAINT JOHN  
CAP DE LA MADELEINE  
OTTAWA  
HAMILTON  
WINNIPEG  
SASKATOON  
CALGARY  
VANCOUVER  
VICTORIA

CHARTERED ACCOUNTANTS

SUN LIFE BUILDING  
200 UNIVERSITY AVE.  
TORONTO 1, ONTARIO  
TELEPHONE: 366-6521

UNITED STATES OF AMERICA  
GREAT BRITAIN  
AND OTHER COUNTRIES  
THROUGHOUT THE WORLD  
CABLE ADDRESS: "TROBAS"

The Shareholders,

CANADIAN BREWERIES LIMITED.

We have examined the consolidated balance sheet of Canadian Breweries Limited and Subsidiary Companies as at October 31, 1964 and the related consolidated statements of earnings and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and related consolidated statements of earnings and retained earnings present fairly the consolidated financial position of the company and its subsidiaries as at October 31, 1964 and the results of their combined operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,  
December 18, 1964

*Touche, Ross, Bailey & Smart*

Chartered Accountants.

## CANADIAN BREWERIES LIMITED AND SUBSIDIARY COMPANIES

Consolidated Summary of Earnings for the Ten Years Ended October 31, 1964  
(Thousands of dollars)

| Year<br>Ended<br>October 31 | Sales     | Sales less<br>Excise<br>and Sales<br>Taxes | Cost of<br>Goods Sold,<br>Selling<br>Administrative<br>and General<br>Expenses—<br>before<br>Depreciation<br>and<br>Amortization | Interest<br>on<br>Bonds,<br>Debentures,<br>Notes<br>and<br>Loans | Other<br>Income<br>—net | Provision<br>for<br>Depreciation<br>and<br>Amortization | Earnings<br>before<br>Provision<br>for<br>Income<br>Taxes | Provision<br>for<br>Income<br>Taxes | Provision<br>for<br>Minority<br>Interest | Net<br>Earnings<br>for<br>Year |
|-----------------------------|-----------|--|--|--|-------------------------|---|---|-------------------------------------|--|--------------------------------|
| 1955                        | \$224,768 | \$141,188                                  | \$114,266  | \$1,634  | \$1,800                 | \$5,849   | \$21,239  | \$9,259                             | \$ 834                                   | \$11,146                       |
| 1956                        | 261,184   | 163,762                                    | 136,938  | 1,883  | 2,290                   | 7,016   | 20,215  | 8,486                               | 1,510                                    | 10,219                         |
| 1957                        | 280,154   | 176,107                                    | 144,424  | 2,475  | 1,381                   | 8,229   | 22,360  | 9,667                               | 1,376                                    | 11,317                         |
| 1958                        | 281,445   | 177,775                                    | 149,055  | 2,647  | 2,439                   | 8,331   | 20,181  | 8,667                               | 1,435                                    | 10,079                         |
| 1959                        | 333,764   | 211,971                                    | 175,587  | 2,761  | 1,582                   | 8,754   | 26,451  | 12,950                              | 1,105                                    | 12,396                         |
| 1960                        | 340,852   | 214,607                                    | 179,179  | 2,647  | 2,628                   | 8,455   | 26,954  | 12,179                              | 1,014                                    | 13,761                         |
| 1961                        | 363,580   | 229,497                                    | 190,728  | 3,304  | 3,255                   | 10,399  | 28,321  | 12,963                              | 963                                      | 14,395                         |
| 1962                        | 380,066   | 238,015                                    | 195,305  | 3,809  | 5,332                   | 12,291  | 31,942  | 15,589                              | 584                                      | 15,769                         |
| 1963                        | 398,128   | 249,947                                    | 208,143  | 3,753  | 7,781                   | 13,399  | 32,433  | 15,119                              | 168                                      | 17,146                         |
| 1964                        | 412,306   | 258,804                                    | 218,056  | 4,314  | 6,768                   | 13,426  | 29,776  | 13,204                              | —  | 16,572                         |



## CANADIAN BREWERIES LIMITED COMPANY BRANDS

On the preceding two pages your Company brand labels are displayed. Below is a listing by Company and brand of the provinces, states or countries, in which the various brands are available.

*We invite shareholders and their friends to use these brands and thus contribute to profits from which dividends are paid. The serving of company brands when entertaining may also suggest their use to other potential customers.*

**ASSOCIATED BAHAMIAN BREWERIES LIMITED** NASSAU  
GOLD STAR BEER Bahamas

**BEAMISH & CRAWFORD LIMITED** CORK  
BEAMISH EXTRA STOUT }  
CARLING BLACK LABEL } Ireland

**BENNETT BREWING COMPANY LIMITED** ST. JOHN'S  
DOMINION PALE ALE }  
DOMINION STOUT } Newfoundland  
HAIG LIGHT BEER }

**CALGARY BREWING & MALTING COMPANY LIMITED**  
CALGARY

CALGARY EXPORT LAGER BEER  
Saskatchewan, Alberta, Yukon, Northwest Territories

CALGARY ALE Alberta

PILSENER Alberta, Northwest Territories

CALGARY STOCK ALE Manitoba, Saskatchewan  
Alberta, Northwest Territories

CALGARY 4X STOUT Alberta, Northwest Territories

**THE CARLING BREWERIES, LIMITED\*** TORONTO,  
WATERLOO, WINDSOR, WINNIPEG, REGINA,  
RED DEER, VANCOUVER

BLACK LABEL BEER Nova Scotia, New Brunswick,  
Quebec, Ontario, Manitoba, Saskatchewan, Alberta,  
British Columbia, Yukon, Northwest Territories

RED CAP ALE All ten provinces plus Yukon and  
Northwest Territories

"CINCI" LAGER BEER Ontario, New York,  
Illinois, Indiana, Michigan, Ohio

BRADING ALE }  
JUBILEE PORTER } Quebec, Ontario

STANDARD LAGER BEER Manitoba,  
Saskatchewan

EXTRA STOUT Manitoba

PILSENER Manitoba, British Columbia, Yukon

OLD COUNTRY ALE British Columbia, Yukon

U.B.C. BEER }  
4X CREAM STOUT } British Columbia

**CARLING BREWING COMPANY INCORPORATED** ATLANTA,  
BALTIMORE, BELLEVILLE, CLEVELAND,  
FORT WORTH, FRANKENMUTH, NATICK,  
PHOENIX, TACOMA

BLACK LABEL BEER }  
RED CAP ALE } All 50 American States

HEIDELBERG BEER Alaska, California, Idaho,  
Montana, Oregon, Washington

STAG BEER Arkansas, Illinois, Indiana, Iowa, Kansas,  
Kentucky, Missouri, Ohio, Oklahoma, Tennessee,  
West Virginia

CALGARY EXPORT MALT LIQUOR Florida,  
Georgia, North Carolina, South Carolina

LANSER'S A.I. BEER Arizona, California, Colorado,  
Nevada, New Mexico, Utah

**NOTE:** Carling Black Label Beer is also produced by  
our associate company, Charrington United  
Breweries Limited, at various plants in Britain  
and is on sale in all parts of that country.

In addition, Black Label is now shipped from  
the U.S.A. and Britain to more than 50 countries.

**DOW BREWERY LIMITED** QUEBEC, MONTREAL,  
TORONTO, CALGARY

DOW ALE Newfoundland, Prince Edward Island, Nova  
Scotia, New Brunswick, Quebec, Ontario, Manitoba,  
Yukon, Northwest Territories, New York

BOCK BEER Quebec, Ontario

KINGSBEER LAGER Newfoundland, Nova Scotia,  
New Brunswick, Quebec, Ontario, Manitoba, Yukon,  
Northwest Territories, New York

BLACK HORSE ALE Ontario

KEBEC ALE }  
CHAMPLAIN PORTER } Quebec

DOW CREAM PORTER Prince Edward Island  
New Brunswick, Ontario, Manitoba

BIG HORN STOUT Alberta

**O'KEEFE BREWING COMPANY LIMITED** OTTAWA,  
TORONTO, WINNIPEG, SASKATOON,  
EDMONTON, VANCOUVER

O'KEEFE ALE Newfoundland, Prince Edward Island,  
Nova Scotia, New Brunswick, Quebec, Ontario,  
Manitoba, Saskatchewan, British Columbia, North-  
west Territories; also New York, New Jersey,  
Pennsylvania, Ohio, Indiana, Illinois, Michigan,  
Wisconsin, and Iowa

BLENDED ALE Quebec, Ontario

OLD VIENNA LAGER BEER All ten provinces  
plus Yukon, Northwest Territories; also New York,  
New Jersey, Pennsylvania, Ohio, Indiana, Illinois,  
Michigan, Wisconsin, Iowa, California, Oregon and  
Washington

HOLIDAY LAGER Ontario

DOUBLE STOUT Ontario, Saskatchewan

BOHEMIAN MAID BEER Alberta, Northwest  
Territories

BOHEMIAN MAID STOUT Alberta

STEIN BEER British Columbia

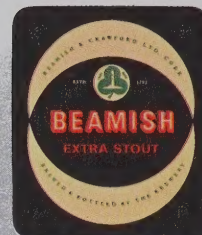
**\*NOTE:** After the colour printing plates of Company brand labels overleaf had been completed,  
The Carling Breweries Limited introduced CHARRINGTON TOBY BEER in Ontario.



ASSOCIATED BAHAMIAN BREWERIES LIMITED

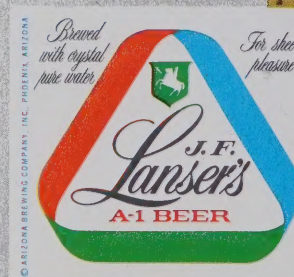
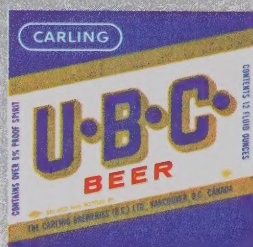
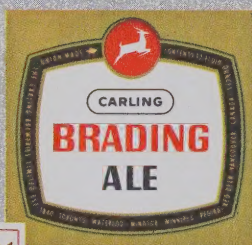
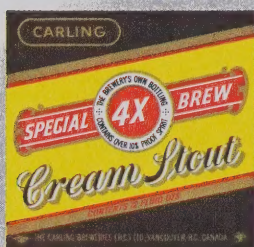


BEAMISH & CRAWFORD LIMITED



THE CARLING BREWERIES LIMITED

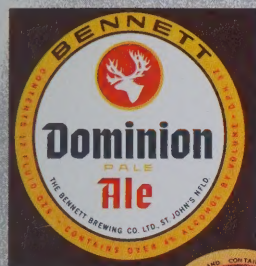
CARLING BREWING COMPANY INCORPORATED



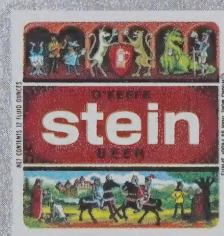
FOR  
INFORMATION  
ABOUT WHERE  
ALL THESE  
BRANDS ARE  
AVAILABLE  
PLEASE SEE  
THE OUTSIDE  
GATEFOLD



BENNETT BREWING COMPANY LIMITED



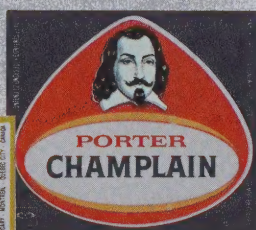
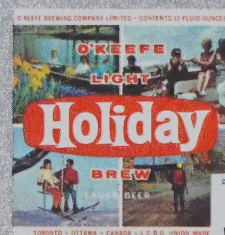
CALGARY BREWING & MALTING COMPANY LIMITED



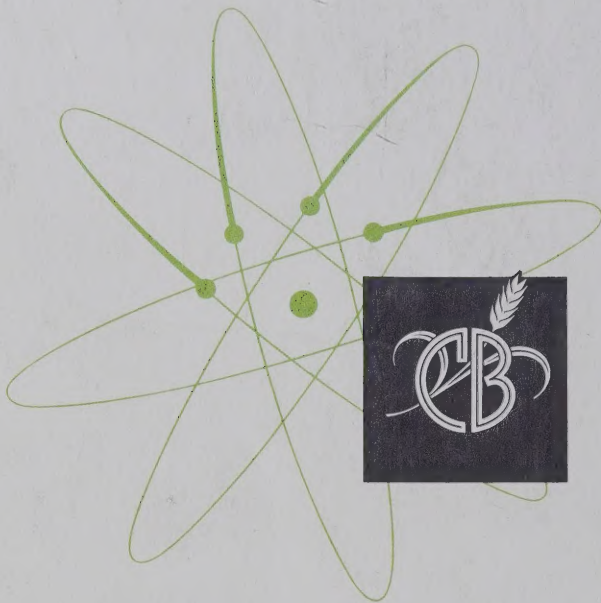
DOW BREWERY LIMITED



O'KEEFE BREWING COMPANY LIMITED







**CANADIAN BREWERIES LIMITED**

*Executive Offices: 297 Victoria Street, Toronto 2, Canada*



SYMBOL OF TODAY'S RESEARCH—CONSTANT GROWTH AND DEVELOPMENT OF SCIENTIFIC IDEAS PLAYS  
AN IMPORTANT PART IN THE WORK OF THE CANADIAN BREWERIES LIMITED RESEARCH DEPARTMENT.